

Herfindahl-Hirschman Index Calculated from Audience Shares
Rochester, NY
DMA Ranking 71

Sources: National Association of Broadcasters, *The Television Industry: 1995 Market-By-Market Review*, pp. 326 - 327
Broadcasting & Cable Yearbook, 1994, pp. D3-D64 and D76.
Television & Cable Factbook, 1994, pp. I-18 - I-19.
Cable Advertising Bureau, *1995 Cable TV Facts*, pp. 20 - 21.

Herfindahl-Hirschman Index Calculated from Audience Shares
Tucson (Nogales), AZ
DMA Ranking 81

<u>Call Letters</u>	<u>Affiliation</u>	<u>City of License</u>	<u>Channel</u>	<u>1994 Audience Share¹</u> ----(Percent)----	<u>1994 Adjusted Share²</u> [(d)/103]	<u>HHI³</u> [(e) ²] (f)
	(a)	(b)	(c)	(d)	(e)	(f)
Broadcast:						
KVOA	NBC	Tucson	4	21.0 %	20.4 %	416
KGUN	ABC	Tucson	9	19.0	18.4	340
KOLD	CBS	Tucson	13	17.0	16.5	272
KMSB	FOX	Tucson	11	11.0	10.7	114
KUAT	PBS	Tucson	6	5.0	4.9	24
KTTU	IND	Tucson	18	3.0	2.9	8
KHRR	TEL	Tucson	40	1.0	1.0	1
KUAS	PBS	Tucson	27	0.0	0.0	0
Sub-Total				77.0	74.8	
Cable:						
InterMedia Partners				13.1 %	12.7 %	161
Jones Intercable				6.9	6.7	45
Other Cable Systems ⁴				6.0	5.8	0
Sub-Total				26.0 ⁵	25.2	
Total: Broadcast and Cable				103.0 % ⁶	100.0 %	1,381

Note: numbers may not add due to rounding.

- ¹ 1994 Share for Broadcast TV represents the 6 AM to 2AM Monday-Sunday weekly average audience share. We assume the audience share for each cable system equals the total cable audience share (26 percent) multiplied by its share of ADI cable households.
- ² 1994 Adjusted Share represents the subject station's 1994 Audience Share as a percentage of the aggregate shares of all stations in the market.
- ³ Herfindahl-Hirschman Index (HHI) is calculated by squaring each station's Adjusted Share and summing the squared shares.
- ⁴ For the HHI calculation, the share attributed to each of these unknown cable systems is assumed to be smaller than the smallest listed system. The sum of the squared shares of these Other Cable Systems is, therefore, zero.
- ⁵ Cable Sub-Total is calculated as Total: Broadcast and Cable Audience Share minus Broadcast Sub-Total.
- ⁶ Total: Broadcast and Cable 1994 Audience Share for the DMA is calculated as:

$$\text{DMA Broadcast Sub-Total} \times \frac{\text{National broadcast and cable audience share}}{\text{National broadcast audience share}}$$
or $77 \times [103/77]$. Total Audience Share may be greater than 100% because of multi-set viewing.

Herfindahl-Hirschman Index Calculated from Audience Shares
Tucson (Nogales), AZ
DMA Ranking 81

Sources: National Association of Broadcasters, *The Television Industry*, 1995 *Market-By-Market Review*, pp. 390 - 391
Broadcasting & Cable Yearbook, 1994, pp. D3-D64 and D76.
Television & Cable Factbook, 1994, pp. I-18 - I-19.
Cable Advertising Bureau, *1995 Cable TV Facts*, pp. 20 - 21.

Herfindahl-Hirschman Index Calculated from Audience Shares
Johnstown-Altoona, PA
DMA Ranking 91

<u>Call Letters</u>	<u>Affiliation</u>	<u>City of License</u>	<u>Channel</u>	<u>1994 Audience Share¹</u> ——(Percent)——	<u>1994 Adjusted Share²</u> [(d)/80.3]	<u>HHI³</u> [(e) ²]
	(a)	(b)	(c)	(d)	(e)	(f)
Broadcast:						
WJAC	NBC	Johnstown	6	24.0 %	29.9 %	894
WTAJ	CBS	Altoona	10	21.0	26.2	685
WWCP	FOX	Johnstown	8	7.0	8.7	76
WATM	ABC	Altoona	23	6.0	7.5	56
WPSX	PBS	Clearfield	3	2.0	2.5	6
Sub-Total				60.0	74.8	
Cable:						
Time Warner				6.4 %	8.0 %	64
TCI				2.2	2.8	8
Other Cable Systems ⁴				11.6	14.5	0
Sub-Total				20.3 ⁵	25.2	
Total: Broadcast and Cable				80.3 % ⁶	100.0 %	1,789

Note: numbers may not add due to rounding.

- ¹ 1994 Share for Broadcast TV represents the 6 AM to 2AM Monday-Sunday weekly average audience share. We assume the audience share for each cable system equals the total cable audience share (20.3 percent) multiplied by its share of ADI cable households.
- ² 1994 Adjusted Share represents the subject station's 1994 Audience Share as a percentage of the aggregate shares of all stations in the market.
- ³ Herfindahl-Hirschman Index (HHI) is calculated by squaring each station's Adjusted Share and summing the squared shares.
- ⁴ For the HHI calculation, the share attributed to each of these unknown cable systems is assumed to be smaller than the smallest listed system. The sum of the squared shares of these Other Cable Systems is, therefore, zero.
- ⁵ Cable Sub-Total is calculated as Total: Broadcast and Cable Audience Share minus Broadcast Sub-Total.
- ⁶ Total: Broadcast and Cable 1994 Audience Share for the DMA is calculated as:

$$\text{DMA Broadcast Sub-Total} \times \frac{\text{National broadcast and cable audience share}}{\text{National broadcast audience share}}$$
or $60 \times [103/77]$. Total Audience Share may be greater than 100% because of multi-set viewing.

Sources: National Association of Broadcasters, *The Television Industry: 1995 Market-By-Market Review*, pp. 194 - 195.
Broadcasting & Cable Yearbook, 1994, pp. D3-D64 and D76.
Television & Cable Factbook, 1994, pp. I-18 - I-19.
Cable Advertising Bureau, *1995 Cable TV Facts*, pp. 20 - 21.

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A MARSH & MCLENNAN COMPANY

EXHIBIT 2

Interconnects

An interconnect exists where two or more cable systems link themselves together to distribute a commercial advertising schedule simultaneously. Interconnects are becoming increasingly important to cable advertisers because they increase the effectiveness of an advertising schedule by offering the efficiency of developing a multi-system buy, often an entire market, in which only one contract need be negotiated.

Consult your CAB Cable Spot Advertising Directory for more complete market information.

Interconnect/Phone#	Coverage Area	Subscribers
1. New York Interconnect (212) 889-4670	Greater NY Metro Area	3,900,000
2. AdLink (310) 477-3994	Los Angeles, CA	2,010,000
3. Greater Chicago Cable Interconnect (312) 527-3972	Chicago, IL	1,322,000
4. Greater Boston Cable Advertising (617) 292-7700	Boston, MA	1,282,400
5. Philadelphia Cable Advertising (215) 790-1220	Philadelphia, PA	1,279,500
6. Bay Cable Advertising (510) 732-7320	San Francisco/Oakland/ San Jose, CA	1,134,801
7. Detroit Cable Interconnect (313) 661-5530	Detroit, MI	899,525
8. Northern Ohio Interconnect (216) 621-2221	Cleveland, OH	855,600
9. Time Warner CityCable Advertising (212) 353-0100	Manhattan/Brooklyn/ Queens/Staten Island, NY	855,307
10. Tampa Bay Interconnect (813) 281-2662	Tampa, FL	843,000
11. Connecticut Cable Interconnect (203) 548-2020	Hartford/New Haven, CT	775,600
12. Cable AdNet-North Carolina (704) 537-8000	North Carolina/ South Carolina	748,600
13. Cable Networks, Inc. (310) 828-1142	Los Angeles, CA	744,000
14. Metrobase Cable Advertising (215) 640-1340	Philadelphia, PA	702,700
15. Northwest Cable Advertising (206) 286-1818	Seattle, WA	681,000
16. Cable Advertising of Metro Atlanta (404) 923-CAMA	Atlanta, GA	611,174
17. Sunrise Media Advertising (317) 849-4415	Indiana	600,000
18. Connecticut Cable Corp. (203) 661-6015	Connecticut	593,000
19. Cablevision Systems Long Island (516) 364-3640	Long Island, NY	589,000
20. Cable Ad Group of S. Florida (305) 467-1604	Miami/Ft. Lauderdale/ Palm Beach, FL	580,000
21. Cable AdNet-Pittsburgh (412) 276-7200	Pittsburgh, PA	545,000
22. MEGA Advertising, Inc. (703) 506-9292	Fairfax/Arlington Cntys VA, Montgomery Cnty, MD	520,000
23. Cable AdNet-Philadelphia (215) 344-9000	Philadelphia, PA	512,500
24. Chicago Cable Advertising (708) 699-9494	Chicago, IL	475,000
25. Cable AdNet-Dallas/Ft. Worth (214) 637-7744	Dallas/Ft. Worth, TX	414,390

Interconnect/Phone#	Coverage Area	Subscribers
26. Greater Phoenix Interconnect (602) 995-2711	Phoenix, AZ	400,000
27. Cablevision of Central Florida (407) 290-1030	Orlando, FL	380,800
28. Interconnect of the Twin Cities (612) 931-0383	Minneapolis/St. Paul, MN	376,000
29. Cable Media (Adelphia) (716) 827-1113	Buffalo/Niagara Falls, NY	354,700
30. TCI Cable Advertising/Cable AdNet (909) 466-4545	Southern California/ Los Angeles Area	354,000
31. Nashville Cable Interconnect (615) 244-8615	Nashville, TN	352,230
32. TCI Cable Advertising (303) 765-7077	Denver, CO	349,000
33. Cable ADCOM (717) 533-5544	Harrisburg/Lancaster/ Lebanon/York, PA	339,000
34. Tri-State Interconnect (812) 858-0380	So. Indiana/W. Kentucky/ So. Illinois	333,400
35. Tidewater Cable Interconnect (804) 456-2500	Norfolk/Portsmouth/ Virginia Beach/Hampton/ Newport News, VA	319,800
36. North Coast Cable Marketing (707) 794-7277	Marin/Sonoma/Napa/ Solano Counties, CA	300,000
36. Cable Advertising Network of (314) 984-8900	St. Louis, MO	300,000
38. Indiana Cable Advertising (812) 336-0601	Greater St. Louis	295,031
39. Cable AdNet-North Carolina (919) 834-9488	Bloomington/Evansville/ Dayton/S. Bend/Elkhart	287,000
40. Cable AdNet of Puerto Rico (809) 273-1022	Raleigh-Durham/ Fayetteville, NC	265,000
41. TCI of South Florida (305) 654-6745	Puerto Rico	250,000
41. West Texas Interconnect (806) 797-7793	Miami, FL	250,000
43. Colony Interconnects (401) 823-1900	Amarillo/Midland-Odessa/ San Angelo/Abilene/ Lubbock	248,900
44. Cable AdNet-North Carolina (919) 668-3800	Providence/ New Bedford, MA	247,100
45. RASCO-Cablevision (617) 861-6850	Greensboro/High Point/ Winston-Salem, NC	244,100
46. New Orleans Interconnect (504) 733-5812	Boston, MA	237,786
47. Cable AdNet-North Carolina (704) 537-8000	Jefferson/Orleans Parish, LA	237,000
48. Oceanic Cablevision (808) 625-8335	Charlotte, NC	230,000
49. Continental Cablevision Advertising (708) 530-4477	Honolulu, HI	229,520
50. Target Select Cable Advertising (215) 398-3800	W. Chicago Suburbs, IL	229,000
51. State of Maine Cable TV Interconnect (207) 775-4110	Allentown/Stroudsburg/ Pocono/Palmerton/ Lehigh, PA	223,300
52. Jacksonville Interconnect (904) 730-7020	Maine	222,000
53. Pioneer Valley Interconnect (413) 734-3162	Jacksonville, FL	219,000
54. Michigan Cable Advertising (616) 235-3765	Franklin/Hampshire/ Hampden Counties, MA; Tolland/Hartford Cnties, CT	211,700
	Petosky/Charlevoix/ Gaylord/Makinaw City/ Cheboygan/St. Ignace/ Grand Rapids/Muskegon/ Battle Creek/Lenawee Cnty, MI	

Interconnect/Phone#	Coverage Area	Subscribers
55. Greater Dayton Cable Advertising (513) 890-0965	Dayton, OH	211,183
56. Mountain Cable Advertising (801) 488-5658	Salt Lake City, UT	210,000
57. TKR of Greater Louisville (502) 584-8394	Louisville, KY	209,500
58. Indianapolis Interconnect (317) 841-3696	Indianapolis, IN	208,000
59. Milwaukee Cable Advertising (414) 277-4200	Milwaukee, WI	190,344
60. Oklahoma Cable Interconnect (405) 556-6290	Oklahoma City, OK	190,000
61. Time Warner Cable Northeast Ohio (216) 633-1874	Akron/Canton/ Youngstown, OH	178,000
62. TCI Cable Advertising	Olympia, WA	174,196
63. Storer Cable/SW Florida (813) 371-4444	Sarasota, FL	171,000
64. KBL-TV (503) 295-0123	Portland, OR	170,000
65. Southwest Florida Interconnect (813) 947-2022	Naples/Ft. Myers, FL	165,000
66. Primetime Cable Ads (219) 738-9088	Northwest Indiana/ N. Chicago, IL	162,000
67. Iowa Cable Network (515) 266-2979	Iowa	156,000
68. Sunrise Cable Advertising (317) 849-4415	Indianapolis, IN	155,035
69. Hudson Valley Cable Group (914) 695-1111	Middletown/Poughkeepsie/ Kingston, NY	152,000
70. TeleCable Targeting/Jones Intercable (913) 491-4902	Greater Kansas City	151,000
71. Scripps-Howard Cable Network Advertising (615) 855-8668	Chattanooga, TN	150,500
72. Champaign-Springfield-Decatur Interconnect (217) 384-2539	Champaign/Springfield/ Decatur, IL	144,300
73. Capital District Cable Advertising (518) 869-9587	Albany, NY	142,000
74. Syracuse Interconnect (315) 699-8267	Syracuse, NY	135,000
75. Satellite Ad Network (717) 459-2307	Wilkes Barre/Scranton, PA	134,007
76. TeleCable Targeting (803) 877-1002	Greenville/Spartanburg/ Laurens County, SC	131,600
77. The Cable Advantage Interconnect (205) 926-5999	Birmingham/Huntsville, AL	128,500
78. Comcast Cable (407) 687-2313	West Palm Beach, FL	125,000
79. Columbia Cable (206) 254-0771	Portland, OR	120,000
79. Mercer County Interconnect (609) 394-8587	Trenton, NJ	120,000
81. TCI Cable Advertising (406) 443-4909	Billings/Helena/ Great Falls/Missoula/ Butte/Bozeman, MT	118,025
82. West Chesapeake Interconnect (301) 645-2045	Alexandria, VA/Anne Arundel, Charles & Calvert Cntys, MD	114,000
83. TeleCable Targeting (214) 905-9988	Dallas, TX	113,000
84. Cable AdNet (702) 348-2772	Reno, NV	112,000
85. Metrobase Cable Advertising (215) 375-1100	Pottsville/Schuylkill County, PA	111,000

Interconnect/Phone#	Coverage Area	Subscribers
86. Cable AdNet-New England (802) 879-5377	Vermont/N. Adams, MA/ Lebanon, NH/Lk. Placid, NY	110,050
87. Greater Media Cable (508) 853-1515	Worcester/ Shrewsbury, MA	110,000
87. TCI Cablevision of Missouri (314) 441-9724	St. Louis, MO	110,000
89. Metrobase Cable Advertising (412) 767-3500	Pittsburgh, PA	107,700
90. Vision Cable Advertising (704) 455-5601	Charlotte/Kannapolis/ Salisbury/Albemarle, NC	107,335
91. Love Communications Co. (601) 939-0420	Jackson, MS	104,500
92. Indiana Cable Advertising (317) 642-3612	Indianapolis DMA	104,000
93. Cable Rep Advertising (402) 551-6790	Omaha, NE	103,000
94. New Hampshire Interconnect (603) 433-2166	New Hampshire	102,367
95. Quad Cities/Cedar Rapids Interconnect (309) 797-2907	Moline, IL-Davenport/ Cedar Rapids, IA	102,000
96. North Carolina Coastal Interconnect (910) 762-3400	Wilmington/Jacksonville/ Camp LeJeune/ Morehead City, NC	101,875
97. Cable Ads (414) 749-1090	Green Bay/Appleton/ Oshkosh/Marinette, WI	97,771
98. Colony Cablevision of California (619) 340-1312	Palm Springs, CA	97,000
99. Metrobase Cable Advertising (518) 798-6684	Glens Falls/Johnstown Saratoga Springs/ Rensselaer, NY	95,500
100. Woodlands Communications Network (713) 363-0973	Houston/Tyler, TX	94,500
101. Acadiana Cable Interconnect (318) 237-5323	Lafayette, LA	94,016
102. Total Reach Interconnect (800) 741-3781	Orlando, FL	92,500
103. Time Warner Cable Ad Sales (805) 322-9594	Bakersfield, CA	91,100
104. Waco/Temple/Killeen Interconnect (817) 776-8660	Waco/Temple, TX	91,000
105. Cable Time (210) 581-0274	Harlingen/Brownsville/ McAllen, TX	90,000
106. Cable Media Advertising (410) 461-2414	Glen Burnie/Ellicott City	88,479
107. Cable Advantage (615) 246-9578	Bristol/Kingsport/ Johnson City, TN	87,582
108. Sammons Cable Advertising (317) 631-2288	Cincinnati, OH/ Louisville, KY/Ft. Wayne/ Indianapolis/Lafayette, IN	87,000
109. Knoxville Interconnect (615) 971-1544	Knoxville, TN	85,000
110. Adelphia Cable (703) 433-2002	Staunton/Waynesboro/ Winchester/Charlottesville Martinsville, VA	83,153
111. TCI Cablevision of Texas (512) 857-5086	Corpus Christi, TX	78,800
112. Colony Interconnects (508) 452-4044	Lowell, MA	78,000
113. MultiVison Cable Advertising (301) 306-5700	Lanham, MD/ Leesburg, VA	75,246
114. Mid-Florida Interconnect (904) 376-1893	Gainesville/Ocala, FL	75,000
114. East Carolina Cable Adv (919) 443-4019	Rocky Mount/Greenville/ Washington/New Bern/ Kinston, NC	75,000

Interconnect/Phone#	Coverage Area	Subscribers
114. Greater Birmingham Interconnect (205) 599-5655	Birmingham, AL	75,000
114. MPI-TV (408) 372-7100	Monterey, CA	75,000
118. Colony Interconnects (508) 993-2600	Fall River/New Bedford/ Fairhaven/Acushnet, MA	72,000
119. Myrtle Beach Interconnect (803) 448-9984	Myrtle Beach, SC	71,000
120. Cable Advertising Networks (614) 895-8512	Dallas-Ft. Worth, TX	70,700
121. Fargo Interconnect (701) 280-0521	Fargo, ND	70,550
122. Copley/Colony Interconnect (714) 549-8999	Orange County/ Los Angeles County, CA	70,000
123. Mid-Georgia Interconnect (912) 741-3846	Macon, GA	68,000
124. TCI Cable Advertising of Cape Cod (508) 394-2246	Cape Cod/Nantucket, MA	67,900
125. TeleCable Targeting (404) 596-1004	Columbus, GA	67,400
126. TCI Cablevision of Florida (904) 756-6700	Daytona Bch./Titusville, FL	65,000
126. TCI Santa Cruz County Interconnect (408) 439-5099	Santa Cruz County, CA	65,000
128. Metrobase Cable Advertising (315) 797-0037	Utica, NY	64,400
129. Northwest Cable Advertising (206) 286-1818	Alaska	62,000
129. Roanoke-Salem Interconnect (703) 981-0820	Roanoke, VA	62,000
129. TCI Cable Advertising-S. OR (503) 779-1814	Medford/Klamath Falls, OR	62,000
132. Northeastern Minnesota Interconnect (218) 726-1412	Duluth/Superior, MN	61,500
133. TCI Cable Advertising (601) 435-2116	Biloxi, MS	59,000
134. AdWorks (916) 345-8718	Chico-Redding, CA	56,000
135. Advertising Alternatives, Inc. (615) 481-0158	Knoxville, TN	55,500
136. Metrobase Cable Advertising (315) 782-7224	Watertown, NY	54,000
137. TCI Mid-Missouri Interconnect (314) 874-0422	Columbia/ Jefferson City, MO	53,800
138. Sunrise Cable Advertising (317) 849-4415	Ft. Wayne/Terre Haute, IN	52,953
139. Piedmont Interconnect (803) 665-8849	Sumter/Florence, SC	52,860
140. TCI Cablevision of E. Texas (903) 595-3822	Tyler Area, TX	51,000
141. Crown Cable Advertising (205) 664-4880	Birmingham, AL	49,400
142. Scripps-Howard Cable Adv. (706) 291-7288	Rome/Calhoun/ Dallas/Cedartown, GA	48,900
143. Frederick Cablevision Advertising (301) 663-5672	Washington, D.C.	48,619
144. Cableworks (707) 448-8480	Solano County, CA	48,500
145. Eastern Cable Advertising (304) 727-7903	Charleston/ Huntington, WV	48,000
146. Hawaiian Cablevision (808) 661-2010	Maui/Hawaii, HI	46,446
147. Star Cablevision (800) 933-6335	Fond du Lac/West Bend/ Sheboygan, WI	45,000
148. Cable AdNet-Mid-Hudson (914) 569-9080	Dutchess/Ulster/ Greene Counties, NY	44,750

Interconnect/Phone#	Coverage Area	Subscribers
149. Metrobase Cable Advertising (607) 749-7721	Syracuse, NY	40,000
150. Elmira-Corning Interconnect (607) 739-3519	Elmira/Corning, NY	38,000
151. Advision (304) 345-8510	Charleston, WV	37,500
152. Cable Advertising Sales (615) 859-4357	Huntsville, AL	37,000
153. TCI Cable Advertising of MN (612) 252-2253	Minneapolis/St. Paul	37,700
154. Ad Link Ltd. (704) 254-3333	Transylvania/Buncombe/ Haywood/Macon/ Rutherford Counties, NC	35,800
155. State Cable TV Corp. (207) 622-3030	Augusta, ME	35,200
156. Chattanooga Regional Interconnect (615) 899-6942	Chattanooga, TN	34,700
157. Comcast Cablevision (203) 792-1171	Danbury, CT	34,000
158. Love Communications Co. (601) 264-9900	Hattiesburg-Laurel, MS	33,000
159. J.B. CableAds (318) 989-9988	Terrebone Parish, LA	32,091
160. Genesis Cable Advertising (612) 251-7169	Minneapolis/St. Paul, MN	32,000
161. Azevedo Video Services (209) 577-0743	Sacramento/Stockton/ Modesto, CA	31,000
162. Cable Advertising Sales (615) 859-4357	Myrtle Beach, SC	29,200
163. Cable Advertising Sales (615) 859-4537	Nashville, TN	28,500
163. Cable Advertising Sales (615) 859-4357	Greenwood County, SC/ Aiken County, GA	28,500
165. Metrobase Cable Advertising (412) 825-4600	Erie, PA	26,900
166. Cable Time (903) 234-8606	Longview/Kilgore, TX	24,640
167. TeleCable Targeting (502) 351-8899	Radcliff/Elizabethtown, KY	24,000
168. Sunrise Cable Advertising (317) 849-4415	New Albany/ N. Vernon/ Seymour, IN	23,950
169. TCI Cablevision (912) 275-7455	Dublin/Milledgeville/ Sandersville, GA	23,800
170. Kauai Cablevision (808) 245-7720	Kauai Cablevision	22,446
171. Scenic Cable Network, Inc. (205) 793-2722	Dothan, AL	22,300
172. Cable Advertising Networks (614) 895-8512	Roanoke-Lynchburg, VA	22,000
173. Wehco AD-COM (501) 536-7203	Memphis, TN	21,900
174. TCI Cable Advertising of Montana (406) 443-4909	Great Falls, MT	21,200
175. Casper-Riverton Interconnect (307) 266-0034	Casper/Riverton, WY	20,500
176. Cable Advertising Networks (614) 895-8512	Albuquerque-Santa Fe, NM	17,100
177. TCI Cablevision of Texas (210) 629-9150	New Braunfels/Seguin, TX	16,877
178. Wehco AD-COM (501) 536-7203	Mt. Home/Harrison, AR	16,014
179. Metrobase Cable Advertising (315) 797-0037	Binghamton, NY	13,500
180. Rock Springs/Green River Interconnect (307) 362-3773	Rock Springs/ Green River, WY	13,100

EXHIBIT 3

Testimony

of

**Gary Chapman
President, LIN Television, Inc.**

on behalf of the

Local Station Ownership Coalition

**Before the
Committee on Commerce
U.S. House of Representatives**

May 12, 1995

Gary Chapman Summary Of Testimony

- Mr. Chapman, President of LIN Television, testifies on behalf of the Local Station Ownership Coalition (Coalition), a group of sixteen television broadcast companies which own 50 television stations across the country. The group asks that Congress, as part of its telecommunications reform legislation, revise the Federal Communication Commission (FCC)'s outmoded local ownership or duopoly rule, which prohibits ownership of more than one television station in the same market.
- The Coalition supports the approach taken in the Stearns-Bliley-Fields legislation, HR 1556, on the television local ownership issue.
- The television local ownership rule dates from the advent of television, at a time when scarcity of media outlets limited competition and programming diversity. Since that time, there has been a substantial increase in the number of broadcast television stations and in other video technology and outlets, including cable and DBS and video cassette rentals. At the same time, local television is subject to increasing competition for advertising dollars. For example, cable operators, through forming market-wide "interconnects" and "clustering" of local cable systems, are now powerful competitors for advertising.
- Advertising is the sole source of revenue for local broadcasters, in contrast to their competitors. The FCC's duopoly rule prevents local television stations from making the operational and economic adjustments that are needed to thrive in the new media marketplace. Local marketing arrangements (LMAs), a type of joint venture that generally involves the sale by one station of blocks of time to another station that supplies programming and sells advertising to fill that time, are particularly beneficial. These arrangements have enabled distressed stations to remain on the air and new stations to be built, resulting in more voices, more diversity, and more competition.
- The Coalition urges the Committee to include the statutory local ownership rule and LMA continuation provisions of HR 1556 in the telecommunications bill, HR 1555, so as to strengthen the ability of broadcasters to compete and survive in the multi-channel marketplace of the 90s.

Mr. Chairman and Members of the Committee, thank you for inviting me here today. I am the President of LIN Television, which operates eight television stations across the country. I am here today representing the Local Station Ownership Coalition comprised of sixteen broadcast groups which own some fifty television stations, a list of which is attached to my testimony. These stations include network affiliates and independents in markets of all sizes.

The issue that unites our group of diverse broadcasters is the need to change the FCC's outmoded local ownership rule, the duopoly rule, which says that no one can own or control more than one television broadcast station in a market. At the outset I would like to strongly endorse the provisions in the Stearns-Bliley-Fields bill, HR 1556, that revises the local ownership rule. We urge Congress to incorporate the Stearns-Bliley-Fields local ownership provisions into the comprehensive telecommunications package HR 1555. As Congress pushes the fast-forward button for other segments of the communications industry to encourage competition, it cannot leave its finger on the stop button for local broadcasters.

The policy behind the local ownership rule dates from the advent of television at a time when the scarcity of media outlets threatened competition and diversity. As we all know, the marketplace of the 90's is a vastly different one than the 40's. This rule is no longer good public policy. Today's local television broadcaster is a single channel outlet in a multichannel world. The local video marketplace is characterized by an abundance of video channels, which are becoming available due to new technologies, changing economics, updated regulations, and soon, legislation. Today the consumer has a multitude of sources of information -- not available in the 40's or even the early 60's when this rule was last amended -- many more television stations, 150 cable channels, and increasing access to DBS, wireless cable, and soon video dial tone from the phone companies.

Relaxation of this rule is essential if broadcast stations are to continue to provide diverse local programming to consumers, including news and weather, and compete with the other players on the information superhighway. The policy decision made in this legislation with respect to the television local ownership rule will determine the future of locally-based television broadcasting in this country.

This legislation must come to grips with the hard fact of broadcasters' single channel limitation. Congress cannot leave local television stations frozen in regulatory policy from the 1940's.

By revising the restrictive rules that were developed for yesterday's marketplace, broadcasters will be able to meet the challenges of today's marketplace and continue to provide free over the air locally based news and other programming.

The Local Media Marketplace – A Challenge for the Local Television Station

One of the most critical functions of over-the-air broadcast television over the past four decades has been to provide local communities with locally relevant programming. The desire for localism is derived from fundamental societal values, including the need for an educated citizenry able to take part in local decision-making. These interests remain fundamental and, despite the rapid introduction of new technologies providing new video programming, local television stations are unique in their ability to serve their communities with local programming.

However, changes in the marketplace make it questionable whether our industry can continue to perform its important role. Both technological changes and the economics of the multichannel business make the local media marketplace a very different place than thirty years ago when two or three television stations were the only providers of video programming.

The media marketplace of the 90's is an increasingly expansive one. Today every local television station has far greater competition from other local stations than it did ten years ago.

The number of commercial television stations has risen from 677 in 1970, to 883 in 1985, to over 1,160 today. That's an increase of nearly one-third in just the last decade.

Additionally, new technologies also are providing consumers with a plethora of information sources. There are 150 channel cable TV systems and 150 channel DBS systems with 300 or 600 channel fiber based telephone video dialtone networks on the horizon, and digitized MMDS and LMDS systems with an equal number of channels. These technologies, moreover, are interactive and offer opportunities for advertising, marketing, and programming, literally, at a personal level to each family, and to each viewer in a local market.

And this is just the video transmission media. I am not even counting other sources of video, like the local video store, or other media, like local radio, newspapers, magazines, direct mail, etc., which vigorously compete with each other and with broadcasters for the attention of the public and for the advertising dollar.

Economic Pressures from Cable

Local broadcast stations now face formidable, life-threatening challenges from a variety of competitors for the local ad dollar. And unlike their competitors, advertising remains broadcasters' only source of revenue.

The economics of the multichannel video business, particularly the cable business, is undergoing a fundamental change, one that virtually guarantees that cable will garner an increasing share of local advertising revenues. For years, cable's share of local ad revenues has lagged behind its rapidly increasing penetration and viewership because of the fragmentation of ownership in local markets.

Increasingly, however, cable operators have been creating market-wide "interconnects," capable of offering local spots on all or nearly all of the cable systems in a market. At the same time, driven by the additional incentive to compete with the phone companies and provide a

seamless local telephone service, cable operators have been "clustering" at a rapid pace, buying or trading cable systems so that they dominate local markets. As a result of its recent acquisitions of Cablevision Industries, Houston Industries, and Newhouse, for example, Time-Warner now has over 30 "clusters" in excess of 100,000 homes. In Memphis, Time-Warner controls 60% percent of the cable homes in the market, and 34% of the total homes in the market. In Reno, TCI controls 77% of cable and 52% of the total homes. Both have been aggressively acquiring cable systems in order to create super clusters.

Driven by interconnects and clustering, cable's share of local advertising revenues is rising rapidly, hitting \$600 million in 1993, an increase of 80% from 1990, and is projected to rise at a comparable rate for the foreseeable future. And with the pressure of competition from the phone companies, satellites and wireless cable, and regulation of subscriber rates, cable MSOs can be expected to accelerate both clustering and their efforts to target local advertising as a primary source of future revenue growth.

Because of the increased competition from other stations and the new media, many broadcast television stations, particularly in smaller markets, are now marginal operations. The FCC found that in 1991 smaller market stations lost on average \$880,000 each. Cable will not have to grab much more of the advertising market to put many more stations in the red.

We are not blind to the fact that, with your help, digital compression may give broadcasters an additional path into the multichannel video business. But the digital conversion will require a formidable capital investment. For many stations, particularly in smaller markets, the feasibility of that investment is at best highly questionable. To make it possible we need the elimination of the prohibition on owning two stations in a market, to allow pooling of resources and taking advantage of economies of scale. Hamstringing us with the current ownership restrictions could mean that many broadcasters will never make it to the digital world.

Congressional Policy Direction Regarding the Local Ownership Rule – Essential

In 1991 the FCC issued a report that found many changes in the market place had affected the television industry. Four years later, despite this report, and despite the acceleration of the marketplace changes, the ownership rules for television remain untouched.

Despite the fact that broadcasters' principle competitors (cable) are free to consolidate their ownership of facilities in a local market, the FCC's duopoly rules continue to absolutely bar television broadcasters from owning more than one television channel in a market. The prohibition applies across the board – without regard to the competitive and other conditions in each local broadcaster market and without regard to the level of consolidation among and competition from non-broadcast video competitors. This leaves broadcasters in the untenable position of being forced to compete against multichannel competitors with only one channel per market.

The pending Further Notice of Proposed Rulemaking (MM Docket No. 91-221, released January 17, 1995) on Television Broadcasting indicates that the FCC is unlikely to make fundamental changes to the television ownership rule. Clear policy direction from the Congress is essential to ensure that local television stations can meet marketplace challenges and consumers can continue to rely on free over the air broadcasting as their major source of local news.

Local Marketing Agreements – Innovative Marketplace Solutions

To respond to the challenges of today's media/advertising marketplace, under the existing regulatory scheme, a significant number of television broadcasters, emulating their colleagues in radio broadcasting, have entered into innovative arrangements called local marketing agreements (LMAs). An LMA is a type of joint venture that generally involves the sale by a licensee of blocks of time on its station to another station – in the same or adjacent market --

which then supplies the programming to fill that time and sells the advertising to support it. Such agreements enable separately owned stations to function cooperatively, achieving significant economies of scale via combined sales and advertising efforts, shared technical facilities, and joint programming arrangements and increasing stations' access to diverse programming.

No one knows precisely how many LMAs there are. We believe there may be as many as 50, with several others in the works. In the vast majority of these cases, the LMAs have enabled financially distressed stations, nearly all of them UHF stations, to stay on the air, or have made it possible to build new stations which otherwise would not have gone on the air.

In my company -- LIN Television -- we participate in five LMAs: in New Haven, Dallas, Austin, Norfolk, and Kalamazoo, Michigan. Three of these LMAs allowed stations to get on the air. In the other two cases, the LMAs prevented struggling stations from going off the air and have meant more programming and more options for viewers, programmers, and advertisers in these markets.

Our Austin station (KXAN, Channel 36) entered into an LMA that enabled a station -- whose construction permit almost expired due to a lack of capital to finish construction -- to get on the air. This new station (KNVA, Channel 54) is now bringing to the Austin market new and innovative programming, including: a Spanish-language public affairs program, a popular children's program where the 10-year-old host interviews other children in the Austin area, frequent weather updates, and an outlet for the new Warner Brothers Network.

Our Dallas/Ft. Worth station (KXAS, Channel 5) entered into an LMA which enabled another station to stay on the air. Before the LMA, this other station (KXTX, Channel 39) was a struggling independent station competing with fifteen others, including major independent group owners Paramount and Fox. It had no real news programs, very few viewers, big debts, and no viable future. Our LMA let KXTX pay all of its bills and regain its financial footing. As a result,

KXTX was able to provide the only continuous election night coverage of local Dallas races in the November 1994 election.

Another LMA success story is WOTV, the ABC affiliate in the Battle Creek-Grand Rapids-Kalamazoo, Michigan market. From 1985 to 1990, squeezed by competition from an overlapping ABC affiliate, the entrance of new stations in its market and increased programming costs, this locally owned station lost over a million dollars a year. Finally, in 1990 the station discontinued carrying any local newscasts. Even eliminating these costs, however, did not save the station and it faced the prospect of going dark. But at the last moment, in late 1991, the stations entered into an LMA with our station in Grand Rapids. After several more years of red ink or marginal returns, this investment and the operating efficiencies of the LMA have rendered Channel 41 once again profitable. More important to the local community, Channel 41 is once again producing 6:00 p.m. and 11:00 p.m. newscasts, as well as sponsoring a wide variety of civic activities and promotions in Battle Creek and Kalamazoo.

These cases are the norm, not the exception. In virtually every instance, LMAs have resulted not only in increased competition in the local video market with greater options for viewers, advertisers and programmers, but substantial improvements in the quality and quantity of local news and other local programming. A compendium of LMA examples is attached to my testimony.

The experiences with LMAs in radio and television are good indications that duopoly relief in television will produce a healthier industry, better able to continue to serve its viewers.

Recommendations

For the reasons I have discussed, we recommend that Congress act to ensure the ability of broadcasters to compete in a fair and equal fashion in the emerging multichannel marketplace. Congress must do more in the telecommunications legislation than leave this important issue to

the FCC. It must provide a policy framework in the legislation that will allow broadcast television stations to survive and compete in the marketplace.

The local ownership provisions in the Stearns-Bliley-Fields legislation should be added to the telecommunications legislation. These changes to the rule will result in more diversity and competition. They will give local television stations the flexibility to continue to be viable, active providers of free over-the-air programming to consumers.

EXHIBIT 4

What's on USSB?

DIRECTV CHANNELS

- 100 DTV — Direct Ticket Previews
- 101-199 DTV — Direct Ticket Movies/Events
- 200 DTV — Direct Ticket Previews
- 201 DTV — DirecTV Special Events Calendar
- 202 CNN — Cable Network News
- 203 CRT — Court TV
- 204 HLN — Headline News
- 206 ESPN — ESPN
- 207 ESPN — ESPN (alternate)
- 208 ESPN2 — ESPN2
- 212 TNT — Turner Network Television
- 214 DTV — Direct Ticket Previews
- 215 E! — E! Entertainment Television
- 216 MUCH — MuchMusic
- 220 TCM — Turner Classic Movies
- 222 DIS1 — The Disney Channel (E)
- 224 DIS2 — The Disney Channel (W)
- 225 DISC — The Discovery Channel (E)
- 226 TLC — The Learning Channel
- 227 TOON — Cartoon Network
- 229 USA — USA Network (E)
- 230 TRIO — TRIO
- 232 FAM — The Family Channel (E)
- 233 TBS — TBS superstation
- 235 TNN — The Nashville Network
- 236 CMT — Country Music Television
- 240 SCFI — Sci-Fi Television
- 242 CSP1 — C-Span 1 (House)
- 243 CSP2 — C-Span 2 (Senate)
- 245 BIT — Bloomberg Information Television
- 246 CNBC — CNBC
- 247 AT — America's Talking
- 248 TWC — The Weather Channel
- 250 NWI — Newsworld International
- 252 CNNI — CNN International
- 254 TRAV — The Travel Channel
- 256 A&E — Arts & Entertainment
- 268 DTV — Direct Ticket Previews
- 270 STRZ — STARZ — Encore 8
- 271 ENCR — Encore 1 "Hits"
- 272 LOVE — Encore 2 "Love Stories"
- 273 WSTN — Encore 3 "Westerns"
- 274 MYST — Encore 4 "Mystery"
- 275 ACTN — Encore 5 "Action"
- 276 TRUE — Encore 6 "True Stories/Drama"
- 277 WAMI — Encore 7 "WAM" America's Youth Net.
- 282 CBS — CBS, WRAL - Raleigh, N.C.
- 284 NBC — NBC, WXIA - Atlanta, Ga.
- 286 PBS — PBS, KRMA - Denver, Colo.
- 287 ABC — ABC, WABC - New York, N.Y.
- 289 FOX — FOX, WFLD - Chicago, Ill.
- 298 TVA — TV Asia
- 301 DTV — DirecTV Special Events Calendar
- 304 GOLF — The Golf Channel
- 305 PSN — Prime Sports Network
- 306 PSN — Prime Sports Network
- 307 NESN — New England Sports Network
- 310 KBL — KBL, Pittsburgh Sports Net.

- 311 HTS — Home Team Sports
- 312 SPSN — SportsSouth
- 314 SUN — Sunshine Network
- 316 PASS — Pro Am Sports Network
- 322 HSE — Home Sports Entertainment
- 323 PRYN — Prime Sports Rocky Mtn.
- 325 PRTK — Prime Ticket
- 329 SPRT — Regional Sports Alternate
- 330-334 ESPN — ESPN/ABC College Football
- 335-349 DTV — NFL Sunday Ticket
- 350 DTV — NBA League Pass Schedule
- 351-364 NBA — NBA League Pass Games
- 365 NHL — NHL Center Ice Schedule
- 366-375 NHL — NHL Center Ice Games
- 401 ADLT — Adult Pay Per View (10:30p - 7:30a ET)
- 402 PBT — Playboy TV

USSB CHANNELS

- 963 ANC — All News Channel
- 965 VH1 — Video Hits One
- 967 LIFE — Lifetime
- 968 NICK — Nickelodeon/Nick at Nite
- 970 FLIX — Flix
- 973 MAX — Cinemax
- 974 MAX2 — Cinemax 2
- 975 MAXW — Cinemax West
- 977 TMC — The Movie Channel
- 978 TMCW — The Movie Channel West
- 980 HBO — Home Box Office
- 981 HBO2 — HBO 2
- 982 HBO3 — HBO 3
- 983 HBOW — HBO West
- 984 HBW2 — HBO 2 West
- 985 SHO — Showtime
- 986 SHO2 — Showtime 2
- 987 SHOW — Showtime West
- 989 MTV — Music Television
- 990 COM — Comedy Central
- 999 USSB — USSB Background, 1-800-204-USSB

DIRECTV MUSIC CHANNELS

- 501 MC1 — Music Choice, "Hit List"
- 502 MC2 — Music Choice, "Dance"
- 503 MC3 — Music Choice, "Hip Hop"
- 504 MC4 — Music Choice, "Urban Beat"
- 505 MC5 — Music Choice, "Reggae"
- 506 MC6 — Music Choice, "Blues"
- 507 MC7 — Music Choice, "Jazz"
- 508 MC8 — Music Choice, "Jazz Plus"
- 509 MC9 — Music Choice, "Contemporary Jazz"
- 510 MC10 — Music Choice, "New Age"
- 511 MC11 — Music Choice, "Eclectic Rock"
- 512 MC12 — Music Choice, "Modern Rock"
- 513 MC13 — Music Choice, "Classic Rock"
- 514 MC14 — Music Choice, "Rock Plus"
- 515 MC15 — Music Choice, "Metal"
- 516 MC16 — Music Choice, "Solid Gold Oldies"
- 517 MC17 — Music Choice, "Soft Rock"

- 518 MC18 — Music Choice, "Love Songs"
- 519 MC19 — Music Choice, "Progressive Country"
- 520 MC20 — Music Choice, "Contemporary Country"
- 521 MC21 — Music Choice, "Country Gold"
- 522 MC22 — Music Choice, "Singers and Standards"
- 523 MC23 — Music Choice, "Easy Listening"
- 524 MC24 — Music Choice, "Classical Favorites"
- 525 MC25 — Music Choice, "Classics in Concert"
- 526 MC26 — Music Choice, "Contemporary Christian"
- 527 MC27 — Music Choice, "Gospel"
- 528 MC28 — Music Choice, "For Kids Only"

SUBSCRIPTION INFORMATION

Note: For more details about DirecTV, NRTC and USSB program offerings, see "Channel Choice" centerspread in this issue.

DIRECTV

DirecTV offers a number of channels in its "Total Choice" subscription package, as well as 50 channels of pay-per-view movies and special events in its Direct Ticket service. It also offers Direct Ticket Sports packages of college and pro sports games, including NFL Sunday Ticket and NBA League Pass. Additionally, it offers a number of channels on an a la carte basis to subscribers who have purchased a "Total Choice," "Direct Choice" or "Direct Limited" package. For more information or to order programming, contact your local retailer or call DirecTV at 1-800-DIRECTV.

NRTC

National Rural Telecommunications Cooperative (NRTC) customers should contact their participating local rural electric or telephone cooperative regarding the availability of DirecTV or USSB programming. NRTC customers who wish to subscribe to DirecTV programming should call 1-800-305-4388.

USSB

United States Satellite Broadcasting (USSB) offers a variety of program packages priced flexibly by the month or year. USSB offers one free month of "USSB Entertainment Plus" to all purchasers of the RCA Digital Satellite System. For more information or to order programming, contact your local retailer or call USSB at 1-800-204-USSB.

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